

BEFORE THE

PANTEL COMMUNICATIONS, INC.

Petition to cancel tele-
communications certificate (by
letter

Chicago. Illinois

May 15, 2000

Met. pursuant to notice at 10:00 a.m.

BEFORE :

MS. EVE MORAN. Administrative Law Judge.

APPEARANCES :

MR. DON OLSON.
P.O. Box 625.
Elgin, Illinois.
appeared pro se.

SULLIVAN REPORTING COMPANY, by
Teresann B. Giorgi

I N D E X

WITNESSES:

BY EXAMINER

Don Olson

3

EXHIBITS

APPLICANT'S

FOR IDENTIFICATION

IN EVIDENCE

NONE

1 JUDGE MORAN: Pursuant to the direction of the
2 Illinois Commerce Commission I call Docket
3 No. 00-0231. This is a petition by Pantel
4 Communications, Inc., to cancel telecommunications
5 certificate. The petition has been filed by letter.

6 May I have the appearances for the
7 record, please.

8 MR. OLSON: Donald D. Olson, the chief financial
9 officer, Pantel Communications, Inc.

10 JUDGE MORAN: And Mr. Olson, you're going to be
11 testifying today in support of this petition?

12 MR. OLSON: Yes.

13 JUDGE MORAN: Please raise your right hand and
14 we'll swear you in.

15 (Witness sworn.)

16 DONALD D. OLSON,
17 called as a witness herein, and after being first
18 duly sworn, was examined and testified as follows:

19 EXAMINATION

20 BY

21 JUDGE MORAN:

22 Q And please give your name, spell your last

1 name, your business address, and your telephone
2 number.

3 A Donald Olson, chief financial officer.
4 Pantel Communications, no physical address currently.
5 Post Office Box 625, Elgin, Illinois 60121.

6 Q And Mr. Olson, can you tell us when Pantel
7 Communications received its certificate of service
8 authority?

9 A No, not right now. I mean several years ago.
10 but I'm --

11 Q Okay. Do you know about how many years ago?

12 A Prior to me being with the company. I was
13 with the company for several years, so I'm going to
14 say it's at least three-plus years.

15 Q And do you know what type of certificate of
16 service authority Pantel was -- it was granted, was it
17 for reseller facilities based on interexchange,
18 intraexchange?

19 A Probably reseller.

20 Q And has Pantel Communications been operating
21 under its certificate of service authority?

22 A Yes.

1 Q And has it been providing services to
2 Illinois consumers?

3 A Yes.

4 Q And can you please give us some information
5 as to why Pantel has decided to discontinue services
6 in Illinois?

7 A Probably a combination of three factors
8 contributed to the position that we are in now. As we
9 speak Pantel Communications is insolvent and out of
10 business. We are no longer able to pay bills,
11 et cetera.

12 The cause for Pantel being out of
13 business probably three factors, one the industry was
14 very competitive, were not sufficient margins.

15 The second factor was we had a
16 problem with our switch, whereby we had calls that
17 were categorized under the North American dialing
18 plan. If they were US calls they turned out they
19 were, in fact, Caribbean Island calls. We had calls
20 where we were collecting about five cents a minute and
21 were being charged by our carrier about ten times
22 that. By the time that was discovered we had suffered

1 a significant loss.

2 The third and crowning factor was
3 a default by our major distributor of over a million
4 dollars. The result being we were no longer
5 economically viable and really had no choice but to
6 pull the plug so to speak.

7 Q Okay. Are there any Pantel customers that
8 are affected by your company discontinuing service?

9 A I would say that at the time we pulled the
10 plug -- and we essentially tried to do this right. I
11 mean, that's why we filed a letter to say --

12 Q Of course.

13 A -- here's where we're at, let's not just
14 disappear into the night, kind of thing.

15 At the end of -- when we knew we
16 were, you know, incurring services that there's no
17 likely we could pay for that didn't seem right to us.
18 So we pulled the plug on or about January 31st, from
19 our switches.

20 At that point in time we probably
21 had about 200 Illinois customers who were One-Plus
22 dialing, who we had their service. There was no

1 particular impact to them because our underlying
2 carrier, Quest Communications, would automatically
3 pick up the One-Plus service.

4 Q So no customers will be harmed.

5 A Well, there are two other factors. There
6 are some customers who we also did prepaid telephone
7 cards and had those up on our switch. Most of those
8 sales were done by distributors, and I couldn't
9 exactly tell you -- mostly in California, as a matter
10 of fact. There were some telephone cards sold in the
11 Chicago area. To my knowledge, those who have
12 complained we have reimbursed. There certainly is
13 going to be some relatively small number of Illinois
14 customers who may have lost money on a \$10 telephone
15 card. But no Illinois customer would have suffered
16 remotely what I would call severely.

17 Q And one of the conditions that the
18 Commission usually attaches to a cancelation of
19 certificate authority is that an annual report be
20 filed, like a closing report, within 60 days of the
21 order. Will Pantel be able to --

22 Q We have -- being a telecommunications

1 company in many states I have a stack of regulatory
2 reports that I must do that choke the proverbial
3 horse. In all cases we've tried to file the
4 appropriate reports. However, in most cases,
5 certainly since the middle of February or so, we've
6 been unable to make or pay any fees that are
7 associated with those filings.

8 Generally speaking we have still
9 made the filings and probably tried to make the
10 Illinois annual report. In some cases they are sent
11 back to us because we have not paid the fee. The
12 reports will not be accepted because the fee is not
13 there.

14 I do not recall, specifically, in
15 the case of Illinois if they accepted my last annual
16 report or sent it back to me because there was no fee
17 with it.

18 We're happy to file the report,
19 but we're unable to pay the fee associated with it.

20 Q Okay. Then, I would propose if that would
21 be the case, that you file a one-page document
22 requesting waiver of the fee and set out the reasons.

1 And I would assume that the Commission would be
2 reasonable on that, if that is, in fact, the case in
3 Illinois, and I cannot tell you right now.

4 A Okay. Hasn't the letter that I previously
5 sent covered that base, in effect, that you have
6 there?

7 Q Do you want to see the letter? I'm not sure
8 (indicating).

9 A I don't, specifically, request waiver of the
10 fee. The annual report is a Secretary of State
11 report, not an Illinois Commerce Commission report.

12 Q Oh, I see, I see. Well, I can't speak for
13 the Secretary of State, of course.

14 A But, yet, that's the report you seem to want
15 me to file. Is that the annual report to which you
16 refer?

17 Q No. The annual report to which I refer is a
18 Commission report. It's required by Commission
19 regulations, would be an annual report of operations.

20 A Okay.

21 Q If you could do that, and I don't think that
22 there's a fee attached to that.

1 A Okay. There should be no problem doing
2 that. then.

3 Q Okay. wonderful. Thank you.

4 Who are the owners and operators
5 of Pantel?

6 A The owner of the corporation is Kaye Chase.

7 Q C-h-a-s-e?

8 A Yes.

9 The -- I'm sorry, did you ask for
10 officers?

11 Q Yes.

12 A The officers -- there are two officers of
13 the company. president is Eugene Chase. and myself as
14 chief financial officer.

15 Q And do you desire that this petition by
16 letter also stand as your notice to the Commission of
17 discontinuation of services?

18 A Whatever you want to use.

19 JUDGE MORAN: I don't think I have any further
20 questions.

21 Perhaps you wish to make a
22 statement in support of your petition.

1 A We -- Pantel tried to take the high ground.
2 We did the best we could to operate the business. If
3 any Illinois customers were harmed we're sorry about
4 that. We gave it our best shot. it didn't work and
5 that's where we're at today.

6 Q I did say I have no further questions. but I
7 might have one.

8 Are there any judgments or
9 complaints pending against Pantel in Illinois. that
10 you know of?

11 A There are various levels of complaints. We
12 do end up with P -- what we call PUC complaints.
13 public utilities commission complaints. which are
14 filed through the office of -- it could be the
15 Illinois Commerce Commission. it could be public
16 utilities commission kinds of things. There are none
17 of those outstanding.

18 Q In Illinois.

19 A In Illinois.

20 JUDGE MORAN: Great. Thank you.

21 I have nothing further. The
22 record can be marked heard and taken and I will be

1 issuing my recommendation to the Commission shortly.
2 THE WITNESS: Thank you.
3 JUDGE MORAN: Thank you.
4 HEARD AND TAKEN
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CERTIFICATE OF REPORTER

STATE OF ILLINOIS)

) SS:

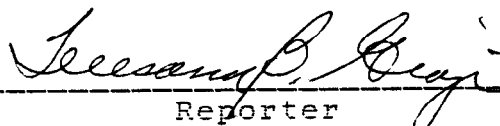
COUNTY OF COOK)

CASE NO. 00-0231

TITLE: PANTEL COMMUNICATIONS, INC.

I, Teresann B. Giorgi, do hereby certify that I am a court reporter employed by SULLIVAN REPORTING COMPANY, of Chicago, Illinois; that I reported in shorthand the evidence taken and the proceedings had on the hearing on the above-entitled case on the 15th day of May A.D. 2000; that the foregoing 12 pages are a true and correct transcript of my shorthand notes so taken as aforesaid, and contains all of the proceedings directed by the Commission or other person authorized by it to conduct the said hearing to be stenographically reported.

Dated at Chicago, Illinois, this 15th day of May A.D. 2000.


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